

VZCZCXYZ0009
RR RUEHWEB

DE RUEHGT #1442/01 3240702
ZNR UUUUU ZZH
R 190702Z NOV 08
FM AMEMBASSY GUATEMALA
TO SECSTATE WASHDC 6482

UNCLAS GUATEMALA 001442

SIPDIS
SENSITIVE

DEPT FOR PM/DTCC- BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [EETC](#) [KOMC](#) [GT](#)
SUBJECT: GUATEMALA: BLUE LANTERN RESPONSE FOR LICENSES
050127380 AND 050127568

REF: A. STATE 119150
[1](#)B. 03 GUATEMALA 2501

[1](#)1. (SBU) Summary: In response to reftel A, PolMil Officer researched the bona fides of the arms import company Mainly SA, formerly known as Santa Catarina SA. The research included an on-site inspection of Mainly SA, interviews with the company's owners, and records checks of both company and owners with the DECAM. As a result of the investigation Post does not recommend approval of reftel licenses. End Summary.

[1](#)2. (SBU) On November 13, PolMil Officer conducted an on-site inspection of Mainly SA, formerly known as Santa Catarina SA located at Avenida Petapa 7-78, Zone 12, Guatemala City. Both owners, Oscar Miron, and his son Oscar Danilo Miron were present and cooperative but not fully truthful during the interview. Mainly SA is located in the back of an automotive repair store specializing in break repair named Tornos Miron. There are no signs advertising Mainly SA and the company does not have a separate office space or phone line. Current DECAM (Guatemala's Arms and Munitions Control Department) regulations state that an arms dealership cannot be collocated with another business, but Mainly SA was incorporated before that regulation came into effect, so is able to share space with the other company.

[1](#)3. (SBU) According to Danilo Miron, Tornos Miron is a family business that has operated from its present locale since [1](#)1976. He stated that Santa Catarina SA was started in 1993 and discontinued in 2002 when Mainly SA was created. When asked why the old company was discontinued and the new company started, Miron stated that the first company listed himself, his father and his brother as the owners and the change was made to remove his brother from the company. This was essentially the same implausible reason given during the prior blue lantern interview reported in reftel b, but he also added that the change was necessary due to problems the company had at the time with a corrupt member of DECAM. Miron claimed that an officer in DECAM demanded a bribe and after Santa Catarina refused to pay he "began to make trouble for us." Miron said that changing the name of the company was a way to avoid problems with the corrupt official, whom he declined to name. This vague, and thus unverifiable, claim is made even less credible by the fact that the ECON FSN who participated in the 2003 interview is certain that this reason was not mentioned during the 2003 interview. Miron would not elaborate on his problems with DECAM in 2002 and repeated his claim that closing Santa Catarina SA was a decision taken by the company not mandated by DECAM. He also claimed that since the corrupt DECAM official was removed his company has had no further problems with DECAM. DECAM records confirm reftel b reporting that DECAM revoked Santa Catarina SA's operating license due to major infractions. Miron's failure to candidly discuss problems surrounding Santa Catarina SA's closure calls into question his comments about Mainly SA.

14. (SBU) According to DECAM's records, Santa Catarina SA was closed as a result of two infractions that occurred in 2002, which DECAM classified as "grave." During a routine inspection DECAM discovered that invoicing information on 52,400 rounds of ammunition had been altered, indicating that the ammunition may have been diverted to an unknown recipient. In a subsequent inspection DECAM discovered 5,400 rounds of ammunition in Santa Catarina SA's inventory that was not carried on its books, usually an indication that the company was selling black market ammunition. DECAM's records also indicate that Mainly SA has been cited with six infractions DECAM classified as "minor" since 2006. Some of the infractions are indications of poor bookkeeping, but five are related to a failure to properly identify the purchaser of ammunition. (Comment: While none of the recent infractions are considered major, six infractions in three years is well above industry standard and the fact that Danilo Miron stated his company had been infraction-free is troubling. End Comment.)

15. (SBU) Miron described Mainly SA as a weapon and ammunition wholesaler. He stated that he imports shotguns from Turkey and the U.S., and ammunition from a variety of countries. He offered that 99.5 percent of his sales are to retail gun dealers. As a result Mainly SA's books are of no use from an end-user perspective, as the actual end recipients of the arms are not listed. To determine the bona fides of the majority of the actual recipients of arms imported by Mainly SA, PolMil Officer would need to inspect the records of the retail outlets that ultimately sell the weapons. In the course of other Blue Lantern investigations PolMil Officer has noticed that it is not uncommon for companies to sell a portion of weapons imported under end-user licenses to other

arms dealers, but Mainly SA imports weapons solely for the purpose of brokering the weapons to other arms dealers. The business model followed by Mainly SA appears to be legal under Guatemalan law, but these transactions greatly complicate efforts to determine the actual end-users. One major concern is that there is no local procedure in place to prevent an arms dealer turned down for a State Department export license from purchasing part or all of a weapons shipment imported by Mainly SA.

16. (SBU) Mainly SA has two rooms that have been converted into weapons storage areas. Both rooms (one a converted bathroom) have had the windows bricked up and standard motion detectors installed. The rooms do not contain gun safes, which means that weapons are simply stored on the floor. The facility is guarded 24-hours a day and the building's alarm system includes 24-hour response from a private security company. According to DECAM's Director, Colonel David Barrientos, Mainly's security precautions meet DECAM's minimum standards, but the security of the facility was well below average.

17. (SBU) Conclusion: Mainly SA is a medium scale arms wholesale company that, although technically a separate business, is a branch of the owner's auto repair enterprise. Mainly SA is licensed to operate by DECAM and its weapons storage area meets minimum local standards. However, Mainly SA has no sales room and no plans to begin marketing weapons to the general public, but rather sells the weapons in bulk to other gun dealers, greatly complicating end use monitoring and accountability efforts. Furthermore, the owners continued to misrepresent past problems with DECAM, and have a recent track record that indicates sloppy bookkeeping practices. Due to the reasons stated above, post cannot recommend approval of import licenses 050127380 and 050127568. McFarland